

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Lakeview Cemetery Board	County	EMMET	Type	OTHER	MuniCode	247513
Opinion Date-Use Calendar	June 17, 2008	Audit Submitted-Use Calendar	July 10, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue: \$ 142,567

General Fund Expenditure: \$ 132,664

Major Fund Deficit Amount: \$ 0.00

General Fund Balance: \$ 106,450

Governmental Activities
Long-Term Debt (see
instructions): \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	James	Last Name	Cusenza	Ten Digit License Number	1101012888				
CPA Street Address	923 Spring St.	City	Petoskey	State	MI	Zip Code	49770	Telephone	2313474136
CPA Firm Name	Hill, Schroderus & Co., LLP	Unit's Street Address	7577 Cemetery Road	City	Harbor Springs	LU Zip	49740		

**FINANCIAL REPORT
LAKEVIEW CEMETERY BOARD
EMMET COUNTY, MICHIGAN
December 31, 2007**

**LAKEVIEW CEMETERY BOARD
FINANCIAL REPORT
December 31, 2007**

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June 17, 2008

Independent Auditors' Report

Board Members
Lakeview Cemetery Board
Harbor Springs, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Lakeview Cemetery Board (the Cemetery), Harbor Springs, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Lakeview Cemetery Board as of December 31, 2007 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Hill Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

Management's Discussion and Analysis

Overview of the Basic Financial Statements

Lakeview Cemetery Board's basic financial statements include three financial statements and notes to the financial statements. This report also contains required and other supplemental information in addition to the basic financial statements.

Under GASB statement No. 34, the Cemetery is considered to be a special purpose governmental unit due to engaging in only one type of activity. Therefore, the statement of net assets is combined with the balance sheet and the statement of activities is combined with the statement of revenues, expenditures and change in fund balance statement. The statement of revenues, expenditures, and changes in fund balance – budget to actual was prepared on the modified accrual basis.

Government-wide Financial Columns

The government-wide columns (Statement of Net Assets and Statement of Activities) are designed to provide readers with a broad overview of the Cemetery's finances, in a manner similar to a private-sector business.

The Statement of Net Assets displays all of the Cemetery's assets and liabilities, with the difference reported as net assets. All long-term assets and debt obligations are presented.

The Statement of Activities focuses on the gross and net cost of the Cemetery's operations.

Fund Financial Columns

The focus of the fund financial columns is on the sources and uses of funds during the current year.

The Cemetery maintains one individual governmental fund. Information is presented in the governmental fund balance sheet column and the governmental fund statement of revenues, expenditures and changes in fund balances column.

Notes to the Financial Statements

The notes provide additional information, which is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

The table below summarizes the Cemetery's net assets as of December 31, 2007:

LAKEVIEW CEMETERY BOARD
Statement of Net Assets
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current and other assets	\$ 225,594	\$ 209,173
Capital assets - net of accum dep	<u>128,639</u>	<u>123,893</u>
Total assets	<u>354,233</u>	<u>333,066</u>
Liabilities		
Current liabilities	<u>119,144</u>	<u>112,626</u>
Net Assets		
Investment in capital assets	128,639	123,893
Unrestricted	<u>106,450</u>	<u>96,547</u>
Total net assets	<u><u>\$ 235,089</u></u>	<u><u>\$ 220,440</u></u>

At the end of the fiscal year, the Cemetery is able to report positive balances in both categories of net assets. The first portion of the Cemetery's net assets is its investment in capital assets. The Cemetery uses these capital assets in providing its services; consequently, these assets are not available for future spending.

The remaining portion of net assets, unrestricted net assets, may be used at the Cemetery's discretion to meet ongoing obligations.

The results for the Cemetery as a whole are reported in the Statement of Activities, which is summarized below:

LAKEVIEW CEMETERY BOARD
Statement of Activities
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenue		
Program revenue:		
Sale of Lots	\$ 16,950	\$ 17,600
Grave openings	10,525	11,550
General revenue:		
Property taxes	109,135	104,755
Interest	2,957	1,647
Miscellaneous	<u>2,567</u>	<u>-</u>
Total revenues	<u>142,134</u>	<u>135,552</u>
Function Expenses		
Cemetery operations	<u>127,485</u>	<u>127,627</u>
Change in net assets	14,649	7,925
Net assets - beginning of year	<u>220,440</u>	<u>212,515</u>
Net assets - end of year	<u><u>\$ 235,089</u></u>	<u><u>\$ 220,440</u></u>

As reported above, the Cemetery recorded \$127,485 of expenses. The majority of the Cemetery's activities were funded with property taxes of \$109,135.

Fund Financial Analysis

As of year-end, the governmental fund reported a fund balance of \$106,450, which is \$14,649 more than the beginning of the year.

General Fund Budgetary Highlights

Final revenues were higher than final budgeted amounts by \$6,867. This was primarily due to more lot sales, higher interest income and the selling of used equipment.

Final expenditures were lower than final budgeted amounts by \$2,836. This was primarily the result of budgeting more for payroll and purchased services than what was spent.

Capital Assets

At December 31, 2007, the Cemetery had \$128,639 invested in capital assets. The following table summarizes the capital asset activity for the year:

LAKEVIEW CEMETERY BOARD Year Ended December 31, 2007

	<u>Jan. 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2007</u>
Capital assets not being depreciated:				
Land	<u>\$ 28,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,111</u>
Capital assets being depreciated:				
Buildings	47,718	-	-	47,718
Site improvements	83,961	-	-	83,961
Equipment	<u>89,015</u>	<u>24,202</u>	<u>15,193</u>	<u>98,024</u>
Subtotal	<u>220,694</u>	<u>24,202</u>	<u>15,193</u>	<u>229,703</u>
Less accumulated depreciation:				
Buildings	15,710	1,317	-	17,027
Site improvements	44,323	5,164	-	49,487
Equipment	<u>64,879</u>	<u>12,543</u>	<u>14,761</u>	<u>62,661</u>
Subtotal	<u>124,912</u>	<u>19,024</u>	<u>14,761</u>	<u>129,175</u>
Net capital assets being depreciated	<u>95,782</u>	<u>5,178</u>	<u>432</u>	<u>100,528</u>
Governmental activities net capital assets	<u>\$ 123,893</u>	<u>\$ 5,178</u>	<u>\$ 432</u>	<u>\$ 128,639</u>

Economic Factors

The Cemetery is primarily funded by property taxes, which have provided a reliable funding base. Operating expenditures/expenses have also been relatively stable. There are no significant changes expected in the near future.

Financial Contact

The Cemetery's financial statements are designed to present users with a general overview of the Cemetery's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed towards the Cemetery's office.

LAKEVIEW CEMETERY BOARD
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
December 31, 2007

	General Fund Modified Accrual Basis	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash	\$ 116,282	\$ -	\$ 116,282
Taxes receivable	109,312	-	109,312
Capital assets, net of accumulated depreciation	<u>-</u>	<u>128,639</u>	<u>128,639</u>
Total assets	<u><u>\$ 225,594</u></u>	<u><u>\$ 128,639</u></u>	<u><u>\$ 354,233</u></u>
<u>Liabilities</u>			
Accrued expenditures/expenses	\$ 2,881	\$ -	\$ 2,881
Deferred property tax revenue	<u>116,263</u>	<u>-</u>	<u>116,263</u>
Total liabilities	<u>119,144</u>	<u>-</u>	<u>119,144</u>
<u>Fund Balance/Net Assets</u>			
Fund balance - unreserved	<u>106,450</u>	<u>(106,450)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 225,594</u></u>		
Net assets			
invested in capital assets		128,639	128,639
Unrestricted		<u>106,450</u>	<u>106,450</u>
Total net assets		<u><u>\$ 235,089</u></u>	<u><u>\$ 235,089</u></u>

LAKEVIEW CEMETERY BOARD
Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance
Statement of Activities
For the Year Ended December 31, 2007

	General Fund Modified Accrual Basis	Adjustments	Statement of Activities
Expenditures/expenses:			
Operations:			
Wages	\$ 49,314	\$ -	\$ 49,314
Employee health insurance	11,663	-	11,663
Payroll taxes	3,760	-	3,760
Legal and accounting	4,649	-	4,649
Parts and supplies	6,677	-	6,677
Utilities	16,179	-	16,179
Purchased services	5,289	-	5,289
Insurance	7,551	-	7,551
Repairs & Maintenance	3,315	-	3,315
Miscellaneous	65	-	65
Capital outlay - equipment	24,202	(24,202)	-
	<u>132,664</u>	<u>(24,202)</u>	<u>108,462</u>
Total operating expenditures/expenses			
	132,664	(24,202)	108,462
Non-operating:			
Depreciation expense	-	19,023	19,023
	<u>-</u>	<u>19,023</u>	<u>19,023</u>
Total expenditures/expenses			
	<u>132,664</u>	<u>(5,179)</u>	<u>127,485</u>
Program revenues:			
Sale of lots	16,950	-	16,950
Grave openings	10,525	-	10,525
	<u>27,475</u>	<u>-</u>	<u>27,475</u>
Total program revenues			
	<u>27,475</u>	<u>-</u>	<u>27,475</u>
Net program expense			<u>100,010</u>
General revenues:			
Property taxes	109,135	-	109,135
Interest	2,957	-	2,957
Sale of mower	3,000	(433)	2,567
	<u>115,092</u>	<u>(433)</u>	<u>114,659</u>
Total general revenues			
	<u>115,092</u>	<u>(433)</u>	<u>114,659</u>
Excess of revenues over expenditures/change in net assets	9,903	4,746	14,649
Fund balance/net assets - beginning of year	<u>96,547</u>	<u>123,893</u>	<u>220,440</u>
Fund balance/net assets - end of year	<u>\$ 106,450</u>	<u>\$ 128,639</u>	<u>\$ 235,089</u>

See accompanying notes to financial statements. 3

LAKEVIEW CEMETERY BOARD
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Over/(Under) Budget
Revenues:				
Sale of lots	\$ 14,000	\$ 14,000	\$ 16,950	\$ 2,950
Grave openings	10,500	10,500	10,525	25
Property taxes	109,600	109,600	109,135	(465)
Interest	1,600	1,600	2,957	1,357
Miscellaneous	-	-	3,000	3,000
Total revenues	135,700	135,700	142,567	6,867
Expenditures:				
Wages	58,000	58,000	49,314	(8,686)
Employee health insurance	11,000	11,000	11,663	663
Payroll taxes	4,200	4,200	3,760	(440)
Legal and accounting	5,900	5,900	4,649	(1,251)
Parts and supplies	7,500	7,500	6,677	(823)
Utilities	6,000	6,000	16,179	10,179
Purchased services	11,000	11,000	5,289	(5,711)
Insurance	9,000	9,000	7,551	(1,449)
Repairs & maintenance	-	-	3,315	3,315
Miscellaneous	900	900	65	(835)
Capital outlay - equipment	22,000	22,000	24,202	2,202
Total expenditures	135,500	135,500	132,664	(2,836)
Excess of revenue over expenditures	200	200	9,903	9,703
Fund balance - beginning of year	96,547	96,547	96,547	-
Fund balance - end of year	\$ 96,747	\$ 96,747	\$ 106,450	\$ 9,703

LAKEVIEW CEMETERY BOARD
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lakeview Cemetery Board was incorporated April 28, 1897, under the provisions of Act 411 of Local Acts of Michigan in 1897. The Cemetery operates under a Board form of government and provides for a joint board from the townships of Little Traverse, West Traverse and the City of Harbor Springs in Emmet County.

The Cemetery's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Cemetery's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by Lakeview Cemetery:

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by Governmental Accounting Standards Board Statement (GASBS) No. 14 (and amended by GASBS No. 39). GASBS 14 states the primary basis for determining whether outside agencies and organizations should be considered component units of the Cemetery and included in the Cemetery's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Cemetery has no component units.

Basis of Accounting

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In accordance with Statement No. 34, the Cemetery is considered to be a Special Purpose Government due to engaging in only one governmental type of activity. To conform with the Statement, the Cemetery has included a Management's Discussion and Analysis section.

The government-wide columns (Statement of Net Assets and Statement of Activities) are reported using the economic resources measurement focus and the accrual method of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Program revenues are those directly associated with providing cemetery type services and include sale of lots and grave openings.

Governmental fund columns (Modified Accrual Basis) are reported using the resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. The Cemetery considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity

Governmental funds report reserved fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Cemetery uses the following procedure in establishing the budgetary data reflected in the financial statements. Prior to the start of each fiscal year, an operating budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. Reported budgeted amounts are as originally adopted or as amended by the Lakeview Cemetery Board.

NOTE 3: DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Cemetery to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Cemetery is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Cemetery's deposits and investment policy are in accordance with statutory authority.

Cash Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the cemetery's deposits may not be returned to it. At year-end, the carrying amount of the Cemetery's deposits for governmental activities was \$116,282 and the bank balance was \$117,354. Of the bank balance, all was covered by Federal depository insurance.

NOTE 4: CAPITAL ASSETS

Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, fences and similar items), are reported in the government-wide financial statements. Depreciable capital assets are recorded by the Cemetery when the initial individual costs are equal to or greater than \$1,000 and have useful lives greater than a year. All land has been recorded, even though its original cost was less than \$1,000. Any addition or improvement that either enhances a capital asset's efficiency or extends its expected useful life is also capitalized.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 4: CAPITAL ASSETS – CONTINUED

Buildings, site improvements and equipment are depreciated using the straight-line method over the following useful lives:

Buildings/Improvements	30-40 years
Site Improvements	7-40 years
Equipment	5- 7 years

Capital asset activity for the Cemetery was as follows:

**LAKEVIEW CEMETERY BOARD
Year Ended December 31, 2007**

	<u>Jan. 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2007</u>
Capital assets not being depreciated:				
Land	<u>\$ 28,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,111</u>
Capital assets being depreciated:				
Buildings	47,718	-	-	47,718
Site improvements	83,961	-	-	83,961
Equipment	<u>89,015</u>	<u>24,202</u>	<u>15,193</u>	<u>98,024</u>
Subtotal	<u>220,694</u>	<u>24,202</u>	<u>15,193</u>	<u>229,703</u>
Less accumulated depreciation:				
Buildings	15,710	1,317	-	17,027
Site improvements	44,323	5,164	-	49,487
Equipment	<u>64,879</u>	<u>12,543</u>	<u>14,761</u>	<u>62,661</u>
Subtotal	<u>124,912</u>	<u>19,024</u>	<u>14,761</u>	<u>129,175</u>
Net capital assets being depreciated	<u>95,782</u>	<u>5,178</u>	<u>432</u>	<u>100,528</u>
Governmental activities net capital assets	<u>\$ 123,893</u>	<u>\$ 5,178</u>	<u>\$ 432</u>	<u>\$ 128,639</u>

NOTE 5: PROPERTY TAXES

Current Revenue

Property taxes attach as an enforceable lien on property as of December 1, and are collected principally in January through March of the following year. The Cemetery receives its property taxes through Little Traverse Township, West Traverse Township and the City of Harbor Springs. The Cemetery is permitted to levy taxes as deemed necessary for general governmental services.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5: PROPERTY TAXES – CONTINUED

The 2006 State taxable valuation as of December 31, 2006 was \$730,584,915, on which taxes levied consisted of .15 mills for general governmental services.

Deferred Revenue and Taxes Receivable

Property taxes attaching as an enforceable lien on property as of December 1, 2007, and collected principally in December, 2007 through March, 2008 have been recorded as deferred revenue since they are not budgeted to fund expenditures until 2008. A receivable has been recorded for the portion of these taxes uncollected at December 31, 2007. The 2007 State taxable valuation was \$775,087,956, on which taxes levied consisted of .15 mills for general governmental services.

NOTE 6: RISK MANAGEMENT

The Cemetery is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Cemetery maintains insurance to cover these risks.